



CITY OF NOVI CITY COUNCIL
SEPTEMBER 30, 2024

SUBJECT: Approval of a Street Lighting Purchase Agreement with Detroit Edison Company (DTE) for the installation and ongoing operation cost of one (1) additional decorative light fixture on an existing light post located at the 10 Mile Road entrance of Valencia South Estates Phase 3, and approval of an amendment to the Street Light Agreement with the Valencia South Estates Condominium Association.

SUBMITTING DEPARTMENT: Department of Public Works, Engineering Division

KEY HIGHLIGHTS:

- The Association will be responsible for the cost of installing the second fixture and the additional annual charges resulting from the second fixture and increased wattages.
- The City will continue to pay DTE the cost to operate one standard entrance light annually.

BACKGROUND INFORMATION:

The Valencia South Estates Condominium Association (Association) is requesting additional street lighting at the subdivision entrance off 10 Mile Rd at Presidio Ln. The Association believes the existing one (1) 39w decorative street light at the 10 Mile Rd entrance provides insufficient lighting for motorists. At DTE's recommendation, the Association is requesting increasing the wattage of the existing light fixture to 60w and adding a second 60w light fixture to the existing light post.

In order to add the second light fixture, DTE is requesting approval and execution of the attached Purchase Agreement. The Association will be responsible for the cost of installing the second fixture and the additional annual charges resulting from the second fixture and increased wattages. The existing Street Lighting Agreement between the City and the Association (September 23, 2019) was amended to reflect the costs of the second fixture. The Purchase Agreement and amended Street Lighting Agreement have been reviewed and are recommended for approval by Engineering staff and the City Attorney (Beth Saarela, September 10, 2024).

The DTE Energy agreement requires the City to pay the total installation cost of \$1,083.34 and an ongoing annual lamp charge of \$586.44 for operation and maintenance of the street light. Per the City's street light policy, the City will continue to pay DTE the cost to operate one standard entrance light annually, \$236.76, and the Association will pay the City the remainder of the operating cost plus a 10% administration fee. As with all other street light installations, the City requires payment by the applicant for all reimbursable charges and the City pays DTE Energy directly.

The following table summarizes the cost sharing for the requested streetlights:

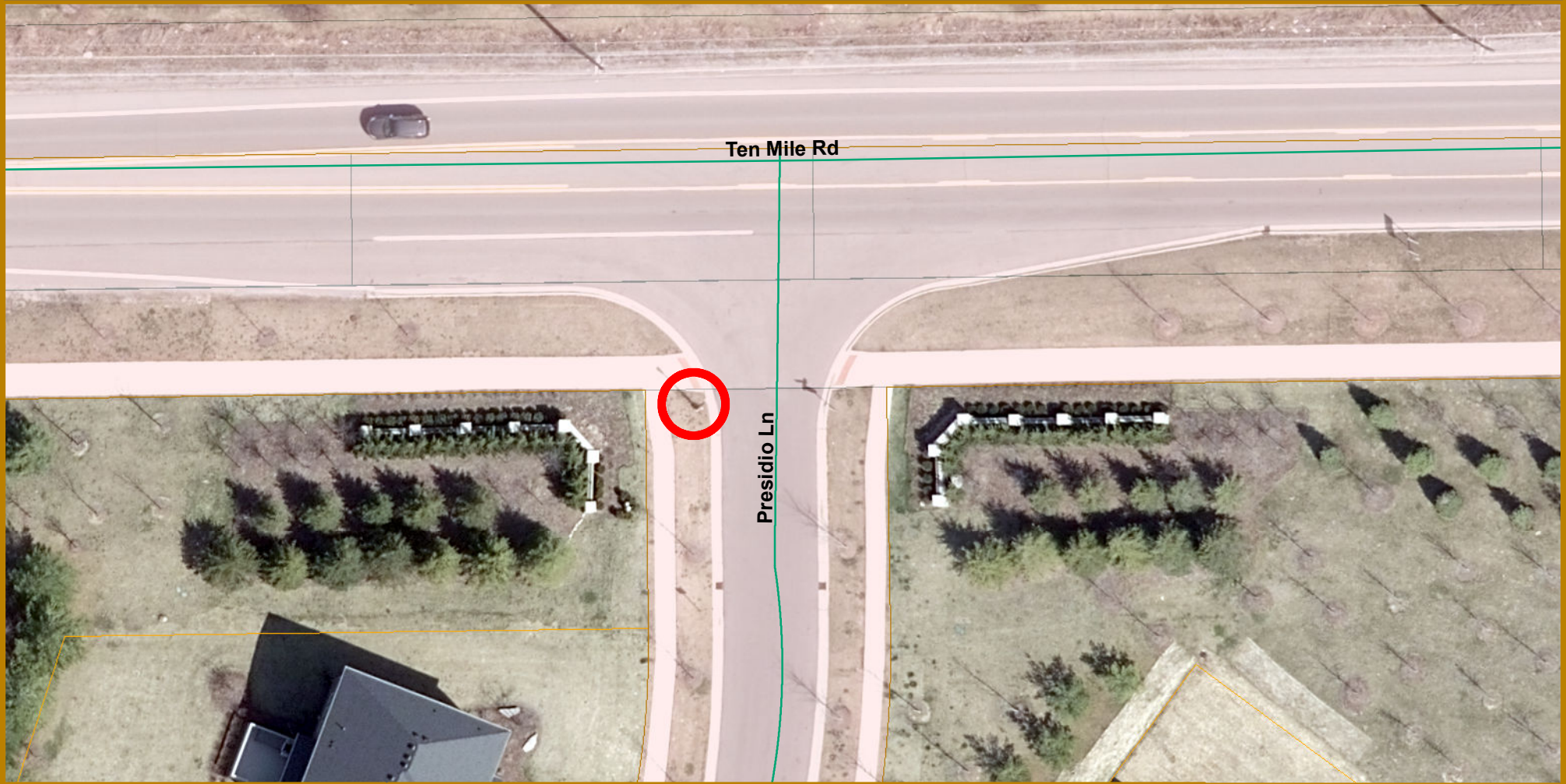
Description	City Share	Association Share*	Total
Installation Costs	\$ 0	\$ 1,083.34	\$ 1,083.34
Annual Operating Costs	\$ 236.76	\$ 349.68	\$ 586.44

*Association share does not include 10% administration fee, which will be added at time of payment collection.

RECOMMENDED ACTION: Approval of a Street Lighting Purchase Agreement with Detroit Edison Company (DTE) for the installation and ongoing operation cost of one (1) additional decorative light fixture on an existing light post located at the 10 Mile Road entrance of Valencia South Estates Phase 3, and approval of an amendment to the Street Lighting Agreement with the Valencia South Estates Condominium Association.

Valencia South Estates Street Light Fixture Addition

Location Map



Map Author: Runkel
Date: 9-19-24
Project: Valencia South
Version #: 1.0

MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi.
Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

 Street Light Location



City of Novi

Engineering Division
Department of Public Works
26300 Lee BeGole Drive
Novi, MI 48375
cityofnovi.org

ELIZABETH KUDLA SAARELA
esaarela@rsjalaw.com

27555 Executive Drive, Suite 250
Farmington Hills, Michigan 48331
P 248.489.4100 | F 248.489.1726
rsjalaw.com



ROSATI | SCHULTZ
JOPPICH | AMTSBUECHLER

September 10, 2024

Rebecca Runkel, Project Engineer
City of Novi
Field Services Complex
26300 Lee BeGole Drive
Novi, Michigan 48375

Re: Valencia South Estates Condominium – Master Agreement for Municipal Street Lighting, Purchase Agreement and Association Agreement

Dear Ms. Runkel:

We have received and reviewed the following documents for the Valencia South Estates Street Lighting Project:

1. Master Agreement for Municipal Street Lighting dated April 11, 2022, and Purchase Agreement (Work Order 73485625)
2. Amended and Restated Street Lighting Agreement with Association

Master Agreement and Purchase Agreement

The Master Agreement for Municipal Street Lighting (“Master Agreement”) and corresponding Purchase Agreement are standard form agreements prepared by DTE Energy for use in projects for installation and maintenance of new street lighting. The Master Agreement controls the terms of installation and maintenance, generally, such as terms of payment, rates, maintenance responsibilities, term, liability, warranties and general contract provisions, including such things as choice of law and notices.

The Purchase Agreement includes the more specific information relating to each particular project, including total estimated project cost, project location, project specifications, and special order information.

The City should be aware that the cost provided in the Purchase Agreement is an estimate and may increase based upon conditions found underground at the time of construction, pursuant to the Master Agreement.

The terms of the Master Agreement and Purchase Agreement, generally are acceptable and are in part, subject to rates and other rules imposed by the Michigan Public Services Commission.

Rebecca Runkel, Project Engineer
City of Novi
September 10, 2024
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Amended and Restated Street Lighting Agreement with Association

The City entered into a previous Street Lighting Agreement with the Valencia South Estates Condominium Association for one decorative street light. This Amended and Restated Street Lighting Agreement updates that Agreement by adding an additional light and detailing the new charges. This Agreement will supersede and replace the original Agreement. This Agreement provides for the responsibility for the annual charges for two (2) decorative street lights at the entrances of the subdivision. The City will pay the ongoing energy costs relating to a single street light within the public right-of-way. The Association will be required to pay the additional cost of the entrance light that is attributable to the additional "decorative" street light. The Agreement appears to be acceptable as provided.

Please feel free to contact me with any questions or concerns in regard to this matter.

Very truly yours,

ROSATI SCHULTZ JOPPICH
& AMTSBUECHLER PC



Elizabeth Kudla Saarela

EKS

Enclosures

C: Cortney Hanson, Clerk
Ben Croy, City Engineer
Thomas R. Schultz, Esquire



August 14, 2024

City of Novi
26300 Lee BeGole Dr
Novi, MI 48375

Re: City of Novi- Valencia Phase III-Add Light to Existing Pole

Attached is the agreement for the work to be performed at Valencia Phase III. A detailed description of the project is outlined in the agreements. Please print **TWO** copies. Please sign **BOTH** copies in the designated areas. A check in the amount of **\$1,083.34** is also required at this time. Please return **BOTH** signed agreements (as well as check made payable to **DTE Energy**) to the following address:

DTE Energy
8001 Haggerty Rd.
Belleville, MI 48111
Attn: Brandon Faron-Community Lighting

Please call if you have questions, 734-397-4017.

Sincerely,

Brandon R. Faron

Brandon R. Faron
Account Manager
Community Lighting

Exhibit A to Master Agreement


Purchase Agreement

This Purchase Agreement (this "Agreement") is dated as of August 14, 2024 between DTE Electric Company ("Company") and the City of Novi ("Customer").

This Agreement is a "Purchase Agreement" as referenced in the Master Agreement for Municipal Street Lighting dated April 11, 2022 (the "Master Agreement") between Company and Customer. All of the terms of the Master Agreement are incorporated herein by reference. In the event of an inconsistency between this Agreement and the Master Agreement, the terms of this Agreement shall control.

Customer requests Company to furnish, install, operate and maintain street lighting equipment as set forth below:

1. DTE Work Order Number:	73485625	
	If this is a conversion or replacement, indicate the Work Order Number for current installed equipment: N/A	
2. Location where Equipment will be installed:	[Valencia Phase III-10 Mile and Presidio Ln], as more fully described on the map attached hereto as <u>Attachment 1</u> .	
3. Total number of lights to be installed:	2	
4. Description of Equipment to be installed (the " <u>Equipment</u> "):	Install (1) decorative post top support bracket, and (1) 60w LED Basic Granville luminaire on existing streetlight post. Replace existing 39w LED with a 60w LED.	
5. Estimated Total Annual Lamp Charges	\$586.44	
6. Estimated Total Annual Post Charges if selected	\$0.00	
7. Annual Finance Charge if selected	See paragraph 14 below	\$ 0.00
8. Computation of Contribution in aid of Construction (" <u>CIAC Amount</u> ")	Total estimated construction cost, including labor, materials, and overhead:	\$1,963.00
	Revenue credit: New Installations Only	\$879.66
	CIAC Amount (cost minus revenue)	\$1,083.34
	Credit for Post Charge, if selected	\$0.00
9. Payment of CIAC Amount:	Due promptly upon execution of this Agreement \$1,083.34	
10. Term of Agreement Special Financing Options are available – Please read stipulations within agreement and if desired check the appropriate box below: Post Charge Option <input type="checkbox"/>	<p>5 years. Upon expiration of the initial term, this Agreement shall continue on a month-to-month basis until terminated by mutual written consent of the parties or by either party with thirty (30) days prior written notice to the other party.</p> <p>If Post Charge "box" is checked the Customer agrees to following term:</p> <p>10 years. Upon expiration of the initial term, this Agreement shall continue on a month-to-month basis until terminated by mutual</p>	

Finance Option <input type="checkbox"/>	written consent of the parties or by either party with thirty (30) days prior written notice to the other party.
11. Does the requested Customer lighting design meet IESNA recommended practices?	(Check One) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If "No", Customer must sign below and acknowledge that the lighting design does not meet IESNA recommended practices _____ 
12. Customer Address for Notices:	City of Novi 26300 Lee BeGole Dr Novi, MI 48375

13. Special Order Material Terms:

All or a portion of the Equipment consists of special order material: (check one) YES NO

If "Yes" is checked, Customer and Company agree to the following additional terms.

A. Customer acknowledges that all or a portion of the Equipment is special order materials ("SOM") and not Company's standard stock. Customer will purchase and stock replacement SOM and spare parts as provided in Section B below. When replacement equipment or spare parts are installed from Customer's inventory, Company will credit Customer in the amount of the then-current material cost of Company standard street lighting equipment in lieu of which the SOM is being used.

B. Customer will maintain an inventory of at least 0 posts and 0 luminaires and any other materials agreed to by Company and Customer, and will replenish the stock by ordering materials no later than thirty (30) calendar days after the materials are drawn from inventory. Costs of initial inventory are included in this Agreement. If Customer fails to maintain the required inventory, Company, after 30 days' notice to Customer, may (but is not required to) order replacement SOM and Customer will reimburse Company for its costs (including the labor costs associated with Company's management of the supply chain for the SOM) no later than thirty (30) calendar days after receipt of Company's invoice for such costs. Customer's acknowledges that failure to maintain required inventory could result in extended outages due to SOM lead times.

C. The inventory will be stored at _____.
Access to Customer's inventory site must be provided between the hours of 9:00 am to 4:00 pm, Monday through Friday with the exceptions of federal Holidays. If Company is unable to access the site during such hours for any reason, Company (i) shall be relieved from any obligation or commitment to complete the work as scheduled, and (ii) may, at its option, procure the inventory itself and have Customer to reimburse Company's costs for doing so. Customer shall name an authorized representative to contact regarding inventory: levels, access, usage, transactions, and provide the following contact information to Company:

Name: _____ Title: _____

Phone Number: _____ Email: _____

Customer will immediately notify Company of any changes in the Authorized Customer Representative. Customer must comply with SOM manufacturer's recommended inventory storage guidelines and practices. Damaged SOM will not be installed by Company.

D. In the event that SOM is damaged by a third party, Company may (but is not required to) pursue a damage claim against such third party for all of Company's costs incurred because of the claim, including all labor and replacement materials. Company will notify Customer as to whether Company will pursue such claim within a reasonable time of the SOM being damaged.

E. In the event that SOM becomes obsolete, discontinued, or incompatible with Company's infrastructure, Customer shall select new alternate SOM that is compatible with Company's then-existing infrastructure. If Customer does not select compatible alternate SOM, Company reserves the right to select compatible SOM that is, in its reasonable judgment, substantially similar, or replace the SOM with standard materials, in either case being entitled to reimbursement from Customer for Company's costs in providing such transition of supply (including internal overhead and labor costs).

F. Should Customer experience, in Company's reasonable judgment, excessive LED equipment failures that are not supported by LED manufacturer warranties, Company will replace the LED equipment with other Company supported Solid State or High Intensity Discharge luminaires at Company's discretion. The full cost to complete these replacements to standard street lighting equipment will be the responsibility of Customer.

14. Special Financing Options

A. Post Charge Option:

For new underground-fed installations of 5 lights or more after May 1, 2019, which require investment in excess of three times the annual revenue at the prevailing rate at the time of installation, the customer may elect to pay a post charge for each increment of \$1,000 investment required above three times the annual revenue.

Effective December 15, 2023 - For each increment of \$1,000 of investment which exceeds three times the annual revenue at the prevailing rate at the time of installation, add to rate per year an additional **\$82.56**.

B. Finance Charge Option:

As an alternative, where the required contribution exceeds \$10,000, upon agreement of the customer and the Company, the customer will pay an additional annual charge of the Company's weighted average cost of capital (6.79%) times the contribution amount in lieu of the cash contribution.

Company and Customer have executed this Purchase Agreement as of the date first written above.

Company:

DTE Electric Company

By: _____

Name: _____

Title: _____

Date: _____

Customer:

City of Novi

By: _____

Name: _____

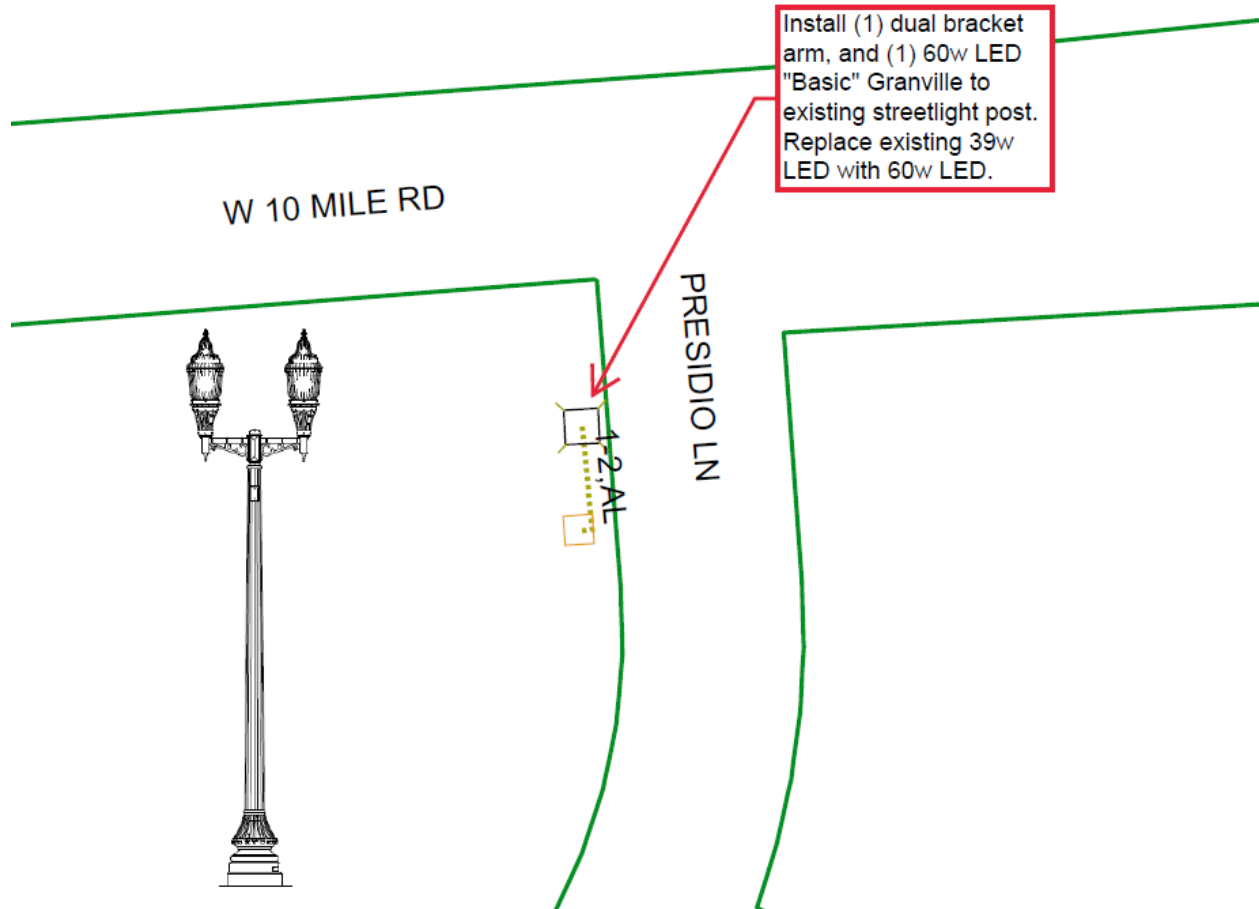
Title: _____

Date: _____

SIGN HERE

Attachment 1 to Purchase Agreement

Map of Location



STATE OF MICHIGAN
COUNTY OF OAKLAND
CITY OF NOVI

AMENDED AND RESTATED STREET
LIGHTING AGREEMENT

This Agreement is entered into this ___ day of _____, 20___, by and between the CITY OF NOVI, a Michigan municipal corporation, whose address is 45175 Ten Mile Road, Novi, Michigan 48375 (the “City”), and the VALENCIA SOUTH ESTATES CONDOMINIUM ASSOCIATION, a Michigan Nonprofit Corporation, by LANDARC, INC. its Property Manager, on its behalf, (“Association”) whose address is 340 E. BIG BEAVER STE 560, TROY, MI 48083, the Association created in accordance with the Master Deed for Valencia South Estates Condominium.

RECITATIONS:

The Association, acting through its Property Manager is designated to administer the affairs of said subdivision at this time.

The Association and the City previously entered into the Street Lighting Agreement, dated September 23, 2019, for the installation and on-going operation of a decorative twin streetlight to serve the subdivision.

The Association has requested, and the City has contracted with DTE for the installation of an additional decorative street light fixture onto the existing post to serve the Subdivision.

In accordance with the City’s Amended Street Light Policy, dated September 24, 2012, the City will contract directly with DTE for the installation and operation of the type and number of poles and fixtures requested by the Association.

For all requests for installation of a single standard street light at a major road entrance, the City will contract with DTE for the installation of the requested street light. The City will pay the non-DTE share of the installation cost and the annual cost of operating the street light, in accordance with the City’s policy.

For all requests other than installation of a single standard street light at a major road entrance, including a non-standard decorative street light, the City will contract with DTE for the installation of the requested street light or lights. The Association/Association shall reimburse the City for the non-DTE share of the installation cost.

For all requests for street lights in addition to a single street light at a major road entrance, the Association shall reimburse the City on an annual basis for ongoing operating costs of the additional street lights.

The Association and the Association are authorized to execute this Agreement.

The City previously obtained from the Detroit Edison Company (“DTE”) an estimate for the installation and annual operation of said street light, requiring a charge for the one (1) decorative twin street light to be constructed at the entrance in the amount of **\$4,308.65** of which the City paid **\$2,926.44**, for the streetlight, and the Association paid **\$1,382.21** for the upgrade. The City paid the operating cost for the first year in the amount of **\$236.76** (“Annual Operating Cost”).

The City has agreed to assist the Association/Association in facilitating the installation and operation of an additional decorative street light with DTE.

The parties desire to enter into this Agreement to provide for the payment to the City by the Association of an additional decorative street light fixture at the intersection of Ten Mile and Presidio Lane, plus the City’s 10% administrative fee, in the total amount of **\$1,191.67**, with the cost being attributable to the additional decorative street light fixture for which the City will be billed by DTE directly, and the Association/Association shall reimburse the City in accordance with the Street Light Policy.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. To the extent that DTE may require, the City shall contract with DTE for the installation and operation of the proposed decorative street light. The City shall pay the non-DTE share of the installation cost and continue to pay the annual operating cost for the one street light. The Association shall pay for the installation and annual cost of the second decorative street light.

2. Upon execution of this Agreement, the Association and/or Association shall pay directly to the City the amount of **\$1,191.67**, representing the Association portion of the installation cost of the second decorative street light plus an administrative fee in the amount of 10%, or such other amount as DTE shall require for installation of the proposed decorative street light and an Annual Operating Cost, plus the City’s 10% administrative fee, in the total amount of **\$384.65** for which the City will be billed by DTE directly, and the Association shall reimburse the City in accordance with the Street Light Policy.

3. The parties acknowledge that the payments are based upon estimates of charges imposed by DTE for the lighting service provided, and that the charges imposed by DTE may increase due to unforeseen circumstances and due to the increase of energy costs over time.

4. The execution of this Agreement by the Association constitutes affirmative representation of the members of the Board of the Association that he has been granted the power by the by-laws of the Association to act on behalf of the co-owners of the condominium to enter into this Agreement.

5. This Agreement contains the entire agreement between the parties, and to statement, promises, or inducement made by either party or agent of either party that is not contained in this written contract shall be valid or binding; and this contract may not be enlarged, modified, or altered except in writing signed by both parties and endorsed hereon.

6. The term of this Agreement shall be for twenty (20) years, and shall automatically renew for additional five (5) years periods thereafter, until such time as either party shall notify the other in writing of its intent not to renew. Such notice of intent not to renew shall be given not

less than one year prior to the expiration of the original and any renewal terms.

7. This Agreement shall be binding on all heirs, executors, administrators, successors and assigns of the parties hereto, and supersedes and replaces the Street Lighting Agreement dated September 23, 2019.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first written above.

[SIGNATURES BEGIN ON THE NEXT PAGE]

CITY OF NOVI, a Michigan municipal
Corporation

By: Justin Fischer
Its: Mayor

By: Cortney Hanson
Its: City Clerk

VALENCIA SOUTH ESTATES CONDOMINIUM ASSOCIATION

By:

Its:

LANDARC, INC.

By:
Its: